



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE BRATHWAITE BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

November 25, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

STATE LEGISLATIVE UPDATE

State Budget

Last week, Senate Minority Leader Jim Brulte introduced **SBx5 1** which would restore the State General Fund backfill to local government to compensate for Governor Schwarzenegger's Executive Order that rolled back the Vehicle License Fee increase effective to October 1, 2003. It is likely that the bill will be referred to the Senate Committee on Local Government although a hearing has not been scheduled. The fate of the measure is uncertain because Democratic Legislative Leaders maintain that the State does not have the \$3.6 billion that the bill would appropriate and are insisting that the Administration tell them how they will pay for it.

The Administration's proposal includes a \$15 billion bond to pay for the current and prior year deficit, a new, stricter State spending limit, and \$2 billion in unspecified budget reductions. There is some skepticism and concern among Republican legislators about borrowing so much money to pay for current operating costs, while Democratic legislators are pushing the Administration to provide a list of cuts before they will act. No details are available as yet on the spending cap proposal. With the December 5, 2003 deadline for getting proposals on the March 2004 ballot fast approaching, the Administration's failure to present specific proposals, or provide details, will make it difficult for the Legislature to meet the deadline.

Workers' Compensation Reform

This week, the Senate Labor and Industrial Relations Committee continues hearings on workers' compensation reform. The Committee will consider **SBx4 1 (Burton)**, which would repeal reforms enacted last session contained in AB 227 (Vargas) and SB 228 (Alarcon). The County actively supported AB 227 and SB 228 which are estimated to save \$22 million from our workers' compensation costs. Among its provisions, AB 227 requires employers to pay 100% of the costs of the State Division of Workers' Compensation; repeals the vocational rehabilitation program, and creates an alternative new supplemental job displacement benefit for injuries occurring on or after January 1, 2004. It also increases the maximum fine for workers' compensation fraud from \$50,000 to \$150,000, and requires the Insurance Commission to develop an online rate comparison guide showing workers' compensation insurance rates. SB 228 includes many of the Board's legislative priorities such as establishing a medical fee schedule that reduces physician fees by 5% and limits medical fees to 120% of Medi-Cal rates; caps chiropractic and physical therapy visits; expands the prohibition on physician referrals; establishes utilization review standards, and allows the treating physician presumption of correctness to be rebutted. It also provides for an employer and union to negotiate an alternate dispute resolution program for the processing of work-related injuries. **Our Sacramento advocates will be testifying in opposition to SBx4 1 based upon the County's prior support for AB 227 and SB 228.**

LACDA Authorization

In a November 10, 2003 State Legislative Update, we reported on the implementation of AB 1147 (Honda), which was chaptered in September 2000, authorizing State reimbursement of as much as 60% of the local costs for the Los Angeles County Drainage Area (LACDA) project, which involved \$250 million in recent improvements along the Lower Los Angeles River. It was noted in that report that County Counsel was reviewing AB 1147 and a recent Legislative Counsel opinion concerning the conditions contained in the bill. County Counsel has completed its review, agreeing with the Legislative Counsel's opinion, and finding that the bill requires the following steps:

1. The Secretary of the Resources Agency must convene an advisory committee of experts in fields relevant to restoration of the Los Angeles River. (A copy of a November 5, 2003 letter from Secretary of Resources, Mary Nichols, appointing an advisory committee, was attached to the November 10, 2003 Update)
2. The advisory committee must be given an opportunity to provide input regarding the development and implementation of a plan to restore the Los Angeles River.
3. The Board of Supervisors must adopt a plan to undertake the restoration of the Los Angeles River, including habitat restoration and maintenance projects along

the entire length of the River and its tributaries that increase parkland and recreational opportunities.

4. After a public hearing, the Resources Agency and the Board of Supervisors must make a determination that the LACDA project is a multi-purpose project that includes, in addition to flood control features, river restoration, wildlife and habitat restoration, or park and recreational features.

Once all of these steps have been taken, it is the responsibility of the California Department of Water Resources to make a recommendation to the Legislature for appropriation of a specific amount for reimbursement of the County. Since the Department of Public Works has conservatively estimated the County's contribution to the LACDA project at \$50 million, the amount of reimbursement could be as high as \$30 million.

In addition, AB 1147 requires the Resources Secretary to consult with appropriate Federal agencies to assess the feasibility, desirability, and cost of modifying the LACDA project to include multipurpose features, and to submit a report to the Legislature concerning the results of the consultation by March 1, 2001. According to County Counsel, this requirement is not a condition precedent to the State's authorization and reimbursement of the County.

Again, our Sacramento advocates and affected departments will work with the new Administration and Legislators toward obtaining reimbursement, once all of the conditions in AB 1147 are met.

We will continue to keep you advised.

DEJ:GK
MAL:JF:DS:ib

Attachment

c: Executive Officer, Board of Supervisors
 County Counsel
 Local 660
 All Department Heads
 Legislative Strategist
 Coalition of County Unions
 California Contract Cities Association
 Independent Cities Association
 League of California Cities
 City Managers Associations
 Buddy Program Participants